

**Managed Risk Medical Insurance Board
June 16, 2004, Meeting**

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D., Sandra Hernández, M.D.

Ex Officio Members Present: Ed Mendoza

Staff Present: Lesley Cummings, Joyce Iseri, Laura Rosenthal, Irma Michel, Stuart Busby, Dennis Gilliam, Glenn Hair, Ernesto Sanchez, Teresa Smanio, JoAnne French, Mercedes Kneeland

REVIEW AND APPROVAL OF MINUTES OF APRIL 28, 2004, MEETING

A motion was made and unanimously passed to approve the minutes of the April 28, 2004, meeting.

STATE BUDGET UPDATE

Glenn Hair reported that the Governor's May revision rescinded the proposed HFP enrollment cap, the legal immigrant block grant, and the two-tier benefits proposal. The May revision includes a new proposal to increase Healthy Families premiums for families with incomes above 200% of federal poverty level. However, this increase would not take effect until July 2005. The May revision fully funds AIM, MRMIP, and the County Health Initiative Matching Fund Program (CHIM). The budget does not include funding for the administrative vendor (AV) to collect encounter data for medical and dental services from HFP's plans.

The May revision adopted by the Legislature excluded the HFP premium increase proposal, deleted funding for the HFP Consumer Assessment of Health and Dental Surveys (CAHPS), and eliminated the prudent reserve in the Perinatal Insurance Fund for AIM. The Joint Legislative Budget Conference Committee approved the repeal of the statute requiring the Board to maintain a prudent reserve for AIM. Any shortfall will require a request for transfer of Prop 99 funds.

Ms. Cummings added that the budget does not include resources to implement SB 2. Chairman Allenby asked if there were any questions or public comment; there were none.

LEGISLATIVE UPDATE

State Bill Summary

Teresa Smanio reviewed those bills MRMIB staff has been tracking that have changed since the last report to the Board.

Staff had communicated to the author that the Board was opposed to AB 1927 (Cohn) unless it was amended to delete references to the HFP. This bill, among other things, prohibits a vision care service plan from discriminating against clinics and providers. The bill was subsequently amended to delete HFP and Medi-Cal, and then the author pulled it. Dr. Hernández asked why AB 1927 got pulled. Ms. Smanio said there was a long list of organizations in opposition.

SB 2 (Burton/Speier), the “pay or play” bill, will not take effect unless sustained during the referendum on the November ballot. The California HealthCare Foundation selected the Institute for Health Policy Solutions to develop issue papers on implementation of SB 2.

Chairman Allenby asked if HFP was still involved in SB 142 (Alpert) concerning a genetic screening purchasing program. Ms. Smanio replied that reference to HFP has been removed, but if the bill passes there will be a mandate for all health plans to test/screen for genetic diseases that are treatable.

SB 1196 (Cedillo), which addresses express lane enrollment, was amended pursuant to MRMIB’s recommendations and then passed out of the Senate Health Committee. Chairman Allenby asked if there were any further questions or public comment; there were none.

INTERAGENCY AGREEMENTS AND UNIVERSITY FOUNDATION CONTRACTS

Dennis Gilliam requested Board approval of ten interagency agreements for a variety of routine services. These agreements have been presented for Board approval at the beginning of each fiscal year with the exception of:

- Department of Health Services - Single Point of Entry. This agreement differs from the one approved by the Board last year in that it does not provide for Title XIX federal funds only. These are carried forward from the existing agreement pursuant to AB 442.
- California State University Foundation - Student Assistants. This is a new agreement.

A motion was made and unanimously passed to approve the ten resolutions included with agenda items 4(a) through 4(j).

AWARD AND APPROVAL OF CMAS CONTRACT FOR NETWORK SUPPORT FOR 2004/05

Dennis Gilliam requested Board approval to authorize the Executive Director to enter into an agreement for 2004/05 to provide on-call technical expertise to MRMIB's computer network. Staff had hoped to recommend a specific vendor at this meeting but was unable to due to the volume of bids received. A motion was made and unanimously approved to adopt the resolution included with agenda item 5.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry Reports

Ernesto Sanchez reported that there were 673,424 children enrolled in HFP as of May 31, and that in March HFP experienced the highest enrollment in its history. He reviewed the enrollment data regarding ethnicity, gender, and top five counties, and the SPE statistics, including the breakdown of applications processed with and without assistance (18.4% and 81.6% respectively).

Ms. Michel pointed out that under the new administrative vendor contract the enrollment statistics are more current. Previously, they were one to two months old. She reviewed more detailed data showing applications received by SPE and HFP enrollment since inception to date (July 1998 to June 2004), enrollment by county for the past 12 months, and the number of unavoidable and possibly avoidable disenrollments in the last 12 months. She also reviewed the disposition of annual eligibility reviews for the month of April, tracking the percent of AER packages returned and not returned, the degree of completeness of packages returned and the extent to which members who were disenrolled (for no AERs) later re-enrolled. Running a sample of CIN numbers at DHS indicated about 11% of those not returning AER packets had transferred into no-cost Medi-Cal.

Dr. Crowell remarked on the increasing number of disenrollments over the past few months. Ms. Cummings noted that the increasing number of disenrollments was the likely result of the lack of application assistants. Also, health plans had ceased making follow up calls to families at AER. Ms. Michel commented that staff will be calling all of the health plans to ensure they are assisting with retention. She then reviewed pie charts showing the results of courtesy calls made by the AV when AERs were not returned timely or when payment had not been received for coverage. The AV reported 58% of AER reminder calls were unsuccessful due to invalid home phone numbers. Of the families that were

successfully reached, 83% received their packets, 95% of which were in the correct language. Mr. Mendoza asked if the families up for AER appear to need assistance even though they have been through the process. Ms. Michel said no, based on the courtesy calls 18% pay and they do not need assistance, which is probably because it is the second time they have seen the pre-printed form.

Dr. Hernandez asked what was most noteworthy about the data. Ms. Michel replied the increasing proportion of incomplete applications indicates the tremendous need for application assistants. The AV is reaching more people by phone than ever before and providing more detailed data. She reiterated staff will be working closely with the health plans to ensure retention. Chairman Allenby noted it would be in their best interests to do so. Mr. Mendoza asked how the AV is able to reach more people by phone. Ms. Michel replied that their phone system has new technology, including an automatic dialer which enables the operator to be more effective getting through to a live person. Mr. Sanchez also pointed out that the current AV's contract requires five calls, whereas the previous AV's contract required three. Dr. Hernandez said the data was very helpful in providing an understanding of what is happening. Chairman Allenby asked if there were any further questions or public comment; there were none.

Administrative Vendor Performance Report

Mr. Sanchez presented an administrative vendor (AV) performance report covering the months of March, April, and May. The report details contractual performance standards and the extent to which the required level has been achieved. While the new AV has made progress since their first AV performance report (given at the last meeting), it met only two of the eleven specified standards. The area of most concern is related to the handling of phone calls. Ms. Michel said staff has been conducting audits at MAXIMUS for the last two months, which found that the systems work but that the staff requires additional training. Mr. Sanchez noted that the previous AV took over a year meeting all the standards. It has been six months since the current AV took over. Staff is confident MAXIMUS will meet its high expectations.

Mr. Mendoza asked if liquidated damages were the ultimate consequence for an unmet standard. Ms. Cummings replied that there are also other contractual remedies. She indicated that MRMIB had yet to collect liquidated damages for unmet standards (during the transition). She had informed MAXIMUS that damages would be collected for any unmet requirements in July performance.

Mr. Sanchez introduced Michael Lemberg, Project Director from MAXIMUS. Mr. Lemberg said that MAXIMUS is not satisfied with its performance and was taking aggressive steps to make improvements. He noted that performance in June to date showed that improvements had taken place. He reviewed a number of specific actions MAXIMUS has taken to address issues. Dr. Crowell asked

Mr. Lemberg to review steps involved in processing a new application, which he did.

Dr. Crowell commented that the Board is well aware that people are working hard. She noted the contribution of Irma Michel, Ernesto Sanchez, and Janette Lopez, and commended MAXIMUS for the increased training and monitoring of calls for quality. Chairman Allenby thanked Mr. Lemberg for MAXIMUS' efforts. He asked if there were any further questions or public comment; there were none.

Advisory Panel Summary

Ms. Michel reported on the May 4 Advisory Panel meeting. She enumerated the topics reviewed at the meeting. The Panel passed a motion to explore the possibility of providing applicants with a local phone number to call for assistance in the letter notifying them their application is incomplete. The next meeting will be August 3 in Sacramento. Chairman Allenby asked if there were any questions or public comments; there were none.

Advisory Panel Vacancies

A motion was made and unanimously passed to appoint the following candidates to the HFP Advisory Panel:

Iantha Thompson, MSN, County Public Health Representative
Steve Tremain, M.D., Disproportionate Share Hospital Representative
Ellen Beck, M.D., Family Practice Physician
Heather Bonser-Bishop, MBA, Subscriber Representative

Outreach Work Group

Janette Lopez reported on the Outreach Work Group. Training of certified application assistants (CAAs) is continuing, with five to seven sessions per month; over 520 CAAs have been trained this calendar year. The training schedule can be found on MRMIB's website at www.mrmib.ca.gov. The first newsletter has been published---it is available by e-mail and on the website. The AV has begun supporting CAAs. A solicitation to participate as an enrollment entity received 585 responses, which will provide approximately 1300 CAAs. Ms. Lopez pointed out when there was funding for outreach providing payment for CAAs there were 3200 enrollment entities and 22,000 CAAs.

Staff oversees the school-based outreach campaign. Mass mailers were sent May, June, and July---another 6,000 will be sent in August. Last year flyers elicited over 6,000 responses. The AV's survey asking how applicants heard about the program indicated 38% to 40% learned about HFP from schools.

Currently the phone application is not being advertised until the problem with handling the volume of calls is resolved. The AV is now handling 7,000 phone applications per month. Mr. Mendoza asked how that many phone applications are being received given that the service is not advertised. Ms. Lopez replied that callers are asked if they would like to apply by phone when they call requesting an application.

Staff is continuing to work on outreach with Healthy Kids/AB 495. They are considering providing information about Health-E-App in newsletters so people are aware they can transfer to another program they qualify for if their income is too high for HFP. Ms. Lopez pointed out that some counties are not interested in obtaining federal funding. In response to Mr. Mendoza's query, she said counties might not be interested because they do not want to go through the extra documentation that comes with drawing federal funds, and because as much as 80% of potential applicants are undocumented children who are ineligible for federal funds.

Staff is also continuing to work with the California Teachers Association's Teachers for Healthy Kids campaign. Staff will start looking at ways to consolidate health plan marketing efforts so that health plans can assist with initial application assistance. One plan has started passing on annual enrollment review (AER) information to doctors so their offices can make AER calls.

Dr. Hernández asked how much was paid for CAAs. Ms. Cummings replied \$22 million was spent on outreach in general. Ms. Michel added that \$11 to \$12 million was paid for CAAs. Mr. Sanchez pointed out that in one year almost \$40 million was spent on outreach, including media spots. Chairman Allenby asked if there were any further questions or public comment; there were none.

AB 495 (Diaz)

Ms. Lopez announced MRMIB received approval from Centers for Medicare and Medicaid Services (CMS) for the AB 495 state plan amendment (SPA) allowing four counties to expand coverage to children with incomes up to 300% of FPL using county funds to draw down federal funds. Ms. Lopez said she has been contacted by other counties who would like to follow suit. Dr. Crowell asked what the next steps are. Ms. Lopez replied that the counties will be informed how the county program (County Children's Health Insurance Program, or "C-CHIP") works. A first draft of the contract will go out early next month. The counties interested in the next SPA are Los Angeles, Santa Cruz, Yolo, Tulare, and Kern.

Staff is entertaining the idea of obtaining blanket approval from CMS for any and all future counties so long as they fit the template. Then a SPA would only need to be done when a situation differs from the template. Dr. Hernández asked who at the county level approves the contract, and which four counties received the approval from CMS. Ms. Lopez replied she believes it is the county's board of

supervisors. The four counties are Santa Clara, Alameda, San Francisco, and San Mateo.

The Board congratulated the staff on this significant accomplishment.

Consumer Survey Vendor Contract Amendment Approval

A motion was made and unanimously passed to approve the contract amendment proposed by staff for DataStat, Inc., to translate the Young Adults health Care Survey for HFP into Spanish, Chinese, Vietnamese, and Korean.

2003 County Mental Health Services for SED Status Report

Vallita Lewis highlighted key parts of the annual report on county mental health services for seriously emotionally disturbed (SED) children. HFP health plans provide basic mental health services, while mental health services for SED children are “carved out” of the program. The participating health plan must refer children who appear to be SED to county mental health departments for assessment and treatment. MRMIB requires plans to sign a memorandum of understanding (MOU) with each county in which the plan serves HFP children to facilitate coordination of services. To date, over 90% of the MOUs have been signed.

She detailed the number of SED referrals reported by plans, percentage of increase or decrease in referrals since the last report, number of active SED cases reported by counties, age of referrals, expenditures for county SED claims, and new data on basic mental health services being provided by plans.

Staff continues to be concerned about the low rate of referrals and overall utilization of mental health services by HFP subscribers. While the number of active SED cases has increased each year, it is still below utilization projections. In the past year staff has met with local mental health directors to work on improving referrals and coordination of services between plans and county mental health departments. Next month staff will hold a joint meeting of health plans and county mental health directors to identify barriers to, and solutions for, effective coordination of services.

Mr. Mendoza asked for more information on the cost per case having increased by only 1%. Ms. Lewis replied that counties are “playing catch-up” in submitting claims. The process for submitting claims has improved so the rate of submissions has leveled off. Dr. Crowell pointed out that counties can accumulate data for up to two years.

Chairman Allenby said the range of variation from county to county is disconcerting. Dr. Crowell added that the low rates of referral also are of concern, and that the higher percentages are in the smaller counties.

Dr. Hernández asked for more information on the mental health services category in the table on page 15. Ms. Lewis said that category includes initial assessment, evaluation, rehabilitation, and therapy.

Dr. Hernández asked about the delay in Kaiser signing their MOUs. Ms. Lewis said half have been signed. Kaiser had requested modifications to some MOUs. Kaiser has indicated until all the MOUs are signed they would have difficulty in referring children for SED services because of geographic issues, e.g., the residence of the subscriber and the location of Kaiser facilities. In response to Dr. Hernández's question on which entity at the county level is responsible for signing the MOUs, Ms. Lewis replied the Board of Supervisors. However, county mental health and legal personnel are also involved in the process, and turnover in their staff causes delays and repetition in the process.

Dr. Hernández asked if Kaiser would like to comment, at which time Carole Welch stepped up to the podium. She said Kaiser had requested minor changes to the MOU template to reflect their delivery system. These changes were approved by MRMIB staff. Kaiser sought endorsement from the California Institute for Mental Health (CIMH) and State Department of Mental Health (SDMH). The counties, however, indicated CIMH and SDMH had no authority to approve the MOU changes on their behalf. In her follow-up with counties over a two-year period, Ms. Welch encountered delays because the MOU would be forwarded to various county departments/personnel and get lost. A year ago Kaiser met with Ms. Cummings and Ms. Iseri to discuss the obstacles Kaiser was experiencing in getting the MOUs signed, and its request to get the MOUs signed by region instead of by county. Chairman Allenby thanked Kaiser for their efforts.

There were several more questions from the Board concerning identifying SED children for services and the coordination of services between plans and the counties. Dr. Hernández asked if there is a way for counties to identify HFP subscribers. Ms. Michel added that the data is contained in the MEDS system, which the counties can access. Ms. Lopez added that staff are working with Maximus on a new HIPAA-compliant method that counties can use to identify HFP children. There was discussion about confidentiality issues and HIPAA compliance.

Dr. Hernández questioned whether the SED carve-out has been effective. A small study was done to ascertain how the SED carve-out could be improved, and the Benefits Division has been pursuing funding for the past year to conduct a more in-depth study. Ms. Cummings indicated a study would be an efficient way of obtaining the perspective of subscribers and families on mental health services and whether or not the carve-out worked for them.

Dr. Crowell was pleased to see data on basic mental health services. She indicated that children should be receiving preventive services because of the difference the services can make in outcomes. She also would like to see a

mental health screening done routinely for HFP children. She suggested conducting a pilot study to pay health plans to perform a mental health screening in lieu of gathering encounter data.

Ms. Cummings suggested delineating plan and county responsibilities but framing some as permissive, rather than mandatory, activities. Ms. Rosenthal remarked that changing the way HFP provides mental health services does not require a change in statute.

There was discussion about the efficacy of the MOU process in coordinating the delivery of mental health services by the counties. Dr. Hernández was concerned that HFP subscribers receive different mental health services due to variations in the level of services provided by counties. She suggested doing case studies on two counties that have an effective referral and treatment process, as well as obtaining data on the prevalence of mental illness by age group. She commended staff for a very helpful report on an important issue.

Ms. Lewis added that some families do not understand how the carve-out works and refuse to follow through on SED referrals to the county. Donovan Ayers, Director of Compliance and Government Programs from Blue Shield, said they use a mental health specialty network where subscribers have direct access. In their experience, referrals have been problematic. Dr. Hernández added that mental disease is still very stigmatized in our society; ways need to be developed to make this benefit work for families. Chairman Allenby asked if there were any further questions or comments; there were none.

ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

Enrollment Report

Mr. Sanchez reported that there are currently 4,847 mothers and 12,358 infants enrolled in the program. He briefly reviewed the enrollment data, including ethnicity, infant gender percentage, and the counties with the highest percentage of enrollment.

Administrative Vendor Transition Report

Ms. Michel reported that on June 30 she will fly to Los Angeles to “turn off the lights” at Care 1st. In reviewing the transition work plan, she noted everything will be in place, and transition to MAXIMUS would take place July 1, as planned. She also noted that Care 1st had intended to participate in AIM as a health plan, but subsequently withdrew its application. Chairman Allenby asked if there were any questions or public comment; there were none.

Quarterly Fiscal Report

Mr. Busby reported that as of March 31, 2004, there were total assets of \$17,772,115, total liabilities of \$10,344,735, and a fund balance of \$17,772,115. For the nine months ending March 31, 2004, total revenues were \$86,628,814, total expenditures were \$80,558,109, with an ending fund balance of \$7,427,380.

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Mr. Sanchez reported that there are currently 8,570 people enrolled in the program. As of June 1 there were 63 on the waiting list serving the post-enrollment waiting period. During the past month, one person was disenrolled pursuant to AB 1401, bringing the total number of 36-month disenrollments to 9,844. The program remains open to new subscribers since the current enrollment is below the cap of 10,718.

Quarterly Fiscal Report

Stuart Busby reported that as of March 31, 2004, there were total assets of \$19,335,735, total liabilities of \$5,657,254, and a fund balance of \$19,335,735. For the nine months ending March 31, 2004, total revenues were \$29,657,804, total expenditures were \$31,346,957, with an ending fund balance of \$13,698,481.

Chairman Allenby recessed the meeting and convened the executive session. Following adjournment of the executive session, the meeting was re-convened. There being no further business to come before the Board, the meeting was adjourned.